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## Summary of Legislation

**H B 272 Insurance Law Amendments**  
**Representative Todd Kiser, Chief Sponsor**  
**Senator Thomas Hatch, Senate Sponsor**

### Background

Modification to the definition of life insurance (31A-1-301, Definitions; lines 612-613).

- At the time the definition of life insurance was included in the Insurance Code, the only benefit that was being offered by insurers to safeguard a life insurance policy against lapse was if the insured became disabled. Waiver of premium for total disability is now a standard benefit offered by the industry. The use of other triggering events for a waiver of premium benefit, such as a natural disaster or unemployment, were not contemplated at that time as possible triggering events.

Modification to immunity subsection (31A-2-213, Immunity; lines 1080-1093).

- The Department often hires outside examiners or other specialists to assist in examinations and other regulatory activities. Several times in the recent past, a contract examiner or specialist hired has been concerned that the immunity statute was not specific as to their status while doing work for the Department. This change clarifies that status.

Clarification to captive insurer fees (31A-3-304, Annual fees - - Other taxes or fees prohibited; lines 1104-1105).

- Clarifies that captive insurer fees constitute the sole tax or fee that can be levied.

Clarification to voluntary dissolution of a domestic insurance corporation (31A-5-504, Voluntary dissolution of domestic insurance corporations; lines 1132-1137).

- This change clarifies the Subsections of Title 16, Corporations that apply to the voluntary dissolution of a domestic insurance corporation.

Clarification to Life and Health Guaranty Association (31A-28-106, Continuation of the Association – Association duties – Allocation of assessments; line 1213).

- This change clarifies that the Life and Health Guaranty Association is not an entity of the state. The Property-Casualty Guaranty Association has a similar provision.

## **Effects of Legislation**

### Definitions (31A-1-301):

- Lines 93-97, formatting change by Legislative Research.
- Lines 618-619, Modifies the definition of life insurance. The deletion of this phrase removes the restriction of limiting benefits to only those for disability.
- Lines 724-730, formatting change by Legislative Research.
- Lines 793-798, formatting change by Legislative Research.
- Lines 831-839, formatting change by Legislative Research.

### Modification to immunity subsection (31A-2-213):

- Lines 1080-1093, adds an authorized representative of the commissioner and an examiner appointed by the commissioner to those persons receiving immunity under this statute.

### Clarification to captive insurer fees (31A-3-304):

- Lines 1104-1105, clarifies that captive insurer fees constitute the sole tax or fee that can be levied.

### Clarification to voluntary dissolution of a domestic insurance corporation (31A-5-504):

- Lines 1132-1137, clarifies the Subsections of Title 16, Corporations that apply to the voluntary dissolution of a domestic insurance corporation.
- Lines 1138-1183, formatting change by Legislative Research.

### Clarification to Life and Health Guaranty Association (31A-28-106):

- Line 1213, clarifies that the Life and Health Guaranty Association is not an entity of the state.

## **Benefits of Legislation**

### Definitions (31A-1-301):

- Allows life insurance companies to develop innovative benefits to offer to the residents of Utah.

### Modification to immunity subsection (31A-2-213):

- Provides for an authorized representative of the commissioner and an examiner appointed by the commissioner to receive immunity protection while doing work for the commissioner.
- The changes make our statute more consistent with similar statutes in other states.
- The changes make our statute more consistent with NAIC guidelines.
- Clearly states that contract examiners working on behalf of the commissioner are protected under the state's immunity provisions.

### Clarification to captive insurer fees (31A-3-304):

- Clarifies that captive insurer fees constitute the sole tax or fee that can be levied.

Clarification to voluntary dissolution of a domestic insurance corporation (31A-5-504):

- Clarifies the Subsections of Title 16, Corporations that apply to the voluntary dissolution of a domestic insurance corporation.

Clarification to Life and Health Guaranty Association (31A-28-106):

- Clarifies that the Life and Health Guaranty Association is not an entity of the state.

**Support for Legislation**

- The life insurance industry supports the change in the definition of life insurance.
- The Division of Finance supports the change in the implementation of how captive insurance fees are used by the Department.
- The Life and Health Guaranty Association supports the clarification that the Association is not an entity of the state.